Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

A281.9
F76Fm
cop. 2

TOBACCO PRODUCTION AND TRADE IN SOUTHERN AFRICA

U.S. DEPT. OF AGRICULTURE
NAT'L AGRIC. LIBRARY
RECEIVED
OCT 3 '75
PROCUREMENT SECTION
CURRENT SERIAL RECORDS

FAS M-263
U.S. Department of Agriculture
Foreign Agricultural Service
June 1975

Tobacco Production and Trade in Southern Africa

By Robert W. Johnson

Introduction

Leaf produced and exported by many of the 11 countries in southern Africa—Malawi, Tanzania, Zambia, Angola, the Republic of South Africa, Mozambique, the Malagasy Republic, Zaire, Kenya, Rhodesia, and Uganda—is expected to offer slowly, but steadily, increasing competition to U.S. exports during the next few years.

Now exporting a total of about 230 million pounds annually—compared with U.S. exports of some 600 million pounds—these countries as a group expect to boost foreign sales by between 5 and 10 percent a year for at least the next 5 years. However, for some of these countries, an increase in production will not come easily.

Exports from all countries, including the United States, will probably benefit from a rise in world demand, but the European Community (EC) preference on tobacco exports, now held by five of the 11 African countries and perhaps to be acquired by two others, provides a distinct advantage over other producing nations.

At the present time, the outlook for production and exports within the next 5 years by these 11 African countries is as follows: A definite increase by Malawi; a probable increase by Tanzania, Zambia, Angola, and the Republic of South Africa; and a possible increase by Mozambique. There will probably be no change in exports by the Malagasy Republic, Zaire, Kenya—of such minor importance that a rise or fall in production would not greatly affect the area total—and Rhodesia, whose volume of export depends on the political climate. The only one of the 11 whose exports are expected to fall is Uganda.

Most of the increased exports will go to the European Community, also the largest foreign market for U.S. tobacco.

Five of the 11 countries in this group have duty-free access for tobacco exports to the EC—Tanzania, Kenya, and Uganda (which comprise the East African Community), as well as the Malagasy Republic and Zaire. In addition, Malawi and Zambia are likely soon to receive duty-free access to this important leaf market.

The EC tariff on leaf imports from the United States and other countries which are not Associate Members is 23 percent, with a maximum of 33 units of account (u.a.) per 100 kilograms (kg) for leaf valued under 280 u.a. per 100 kg, and 14 percent with a maximum of 45 u.a. per 100 kg for flue-cured and burley leaf valued over 280 u.a. per 100 kg. Thus, duty-free treatment for EC imports from these five, and possibly seven, countries gives them an important competitive edge over imports from the United States.

Rhodesia

The area's largest producer of tobacco, Rhodesia, with Zambia and Malawi, constitutes the most important source of leaf of a type that competes strongly with the U.S. product.

During the 5 years prior to its unilateral declaration of independence (UDI) from the United Kingdom in November 1965, Rhodesia produced an annual average of 226 million pounds of tobacco. Virtually all of it was exported to the United Kingdom in competition with U.S. leaf. But production plummeted to about 120 million pounds immediately after UDI and the application of United Nation sanctions on trade with Rhodesia, which followed. Output then began to increase as Rhodesia found customers for its leaf despite the sanctions—bringing the 1965-69 average to 193 million pounds.

Rhodesia's 1973-74[1] flue-cured tobacco crop was originally estimated at 185 million pounds, but heavy rainfall reduced output and the final flue-cured crop was only about 165 million pounds. Burley was estimated at an additional 12 million pounds. The 1974-75 crop is expected to be even larger—an estimated 200 million pounds of flue-cured and 15 million pounds of burley.

Rhodesia is unlikely to show any spectacular jump in exports within the next half decade if the UN continues to apply sanctions, although a rapid upswing is

[1] The growing season in most of the 11 African countries is October-March.

probable if they are lifted—depending, of course, on the state of the world market.

In addition to the sanctions, however, Rhodesia faces other problems that could restrict the size of a production increase. Included among these are political unrest—the result of the indigenous population's drive to obtain a greater voice and the prospect of possible outside interference in the conflict—its loss of Commonwealth preference, competition for land between food crops and tobacco, and the possibility that Rhodesian access to the port of Beira, Mozambique, may be cut off when, or even before, that country receives its independence on June 25, 1975. Most of Rhodesia's tobacco is now being shipped through that city.

With access to Beira barred, Rhodesia would be forced to ship its leaf through ports of the Republic of South Africa at a much higher cost. This added expense would almost certainly have to be borne by Rhodesia's tobacco farmers in the form of lower leaf prices. Rhodesian producer prices are already low by world standards and a further drop would be a strong disincentive to production. Also, the Government now provides no minimum tobacco price, and Rhodesian tobacco farmers are not subject to production controls.

The 1973-74 Rhodesian flue-cured crop brought about 52 cents per pound on the auction floor, about 29 cents less than the Malawian flue-cured crop and 21 cents less than the Zambian. The Rhodesian burley price was estimated at 50 cents per pound, 10 cents less than the Malawian price and 10 cents less than Zambia's. Average prices in the United States for the 1973 crops of flue-cured tobacco and burley were 88 cents and 93 cents, respectively.

With the loss at the time of UDI of its Commonwealth preference for tobacco exported to the United Kingdom, Rhodesia now has no competitive advantages over any other tobacco-producing country. Moreover, it has no hope of receiving preferential treatment from the EC and also faces increasing competition from similar quality leaf grown in Zambia and Malawi.

Rhodesia's leaf exports averaged nearly 179 million pounds in the period between 1960 and 1964, but dropped to an average of 112 million pounds in 1965-69. In the 3 years 1971, 1972, and 1973, exports were estimated at 80 million pounds, 120 million, and 80 million, respectively. Rhodesia's imports during these same periods were zero.

Malawi

Tobacco was first exported by Malawi in 1902 and today it is the farmer's most important cash crop and the country's largest foreign exchange earner. Its tobacco industry, with output running around 65-70 million pounds in recent years, produces enough leaf to attract a large number of foreign buyers, and Government incentives to foreign investors have caused some international tobacco firms to locate packing plants at Limbe.

Malawi, having no important extractive industries such as those in neighboring Zambia, Zaire, and South Africa—limestone and other building materials are its important minerals—depends largely on agriculture. About 50 percent of the country's gross national product comes from agriculture, and about 80 percent of the country's population is engaged in farming.

The Government's policy is to encourage slow but steady growth in tobacco output so as not to reduce quality. It appears to be working well as Malawian producer prices for the 1973-74 flue-crop are expected to top both the Rhodesian and Zambian prices. The Malawian price averaged 81 cents per pound for flue-cured, while those of Rhodesia and Zambia are estimated at 52 cents and 73 cents, respectively. The 1973-74 burley crop, however, averaged only about 60 cents per pound, 10 cents more than Rhodesia's and about the same as Zambia's.

The Malawian Government plans to increase output of flue-cured and burley leaf—both of which will compete strongly with similar U.S. tobacco—at an annual rate of about 10-15 percent. Production increases of other types of tobacco are expected to be slower to keep pace with demand.

Malawi's total 1973-74 leaf crop is estimated at 60 million pounds, of which 23 million is flue-cured, 20 million is fire-cured, 12 million is burley, 4 million is sun-cured, and 1 million is oriental.

Flue-cured tobacco is grown by some 105 Malawian farmers whose average production area is about 185 acres. Each farmer must bring his own output to the auction floor in Limbe where he sells it for whatever price he can, since the Government provides no minimum price.

Total flue-cured production remained constant at about 3 million pounds per year from 1956 until 1967 and then increased rapidly to the 1973-74 level. The next flue-cured crop—1974-75's—is expected to be about 28 million pounds.

Fire-cured tobacco is grown by about 50,000 producers, who average about 1.4 acres each. The Agricultural Marketing Development Corporation (ADMARC), a quasi-governmental organization, buys the leaf at stations generally located within 10 miles of most growers, grades it, and sells it on the auction floor. The profits are divided among the farmers.

Fire-cured tobacco production has fluctuated between 12 million and 25 million pounds since 1960. Here again the Government's policy is to try to maintain an equilibrium between supply and demand.

Only about 100 producers grow burley on holdings that average about 165 acres each. Its production has remained relatively stable at 2-5 million pounds between 1956 and 1964. It increased to about 12 million pounds in 1973-74 and is expected to increase again in 1974-75.

Sun/air-cured leaf is grown by about 10,000 farmers, who average 1.6 acres of tobacco each. Production has averaged around 5 million pounds a year since 1960, with crops ranging as low as 2 million pounds and as high as 10 million. Sun/air tobacco is marketed on the auction floor like fire-cured. Oriental types are sold on a contract basis rather than through the auction system.

Domestic consumption accounts for about 3.3 million pounds of Malawi's leaf output and the balance is exported. All leaf consumed domestically is flue-cured. There are no taxes or subsidies on leaf tobacco exports.

Malawi will retain its preference for exports to the United Kingdom until negotiations for EC associate status are concluded. If Malawi is accorded associate membership, its tobacco will enter the EC duty free. Negotiations are scheduled to be completed by February 1975.

Even if Malawi does not get EC preferential treatment for tobacco exports, flue and burley shipments are still expected to continue to increase in competition with U.S. tobaccos. If Malawi does receive such treatment from the EC, competition is expected to become even keener.

Malawian exports in 1960-64 averaged about 26 million pounds, rising to an average of nearly 35 million for the next 5 years. During 1971-73 they averaged 54 million pounds.

Imports have also generally increased. Averaging just 52,000 pounds in the 1960-64 period, they climbed to 8 million pounds in 1973. This is mostly tobacco brought from Zambia to Malawi for processing and reexport.

Zambia

Tobacco production in Zambia is also expected to mount, but not as easily as Malawi's, since Zambia suffers a shortage of skilled native farmers. To remedy the situation, the Government is trying to train large numbers of growers. However, training efforts are making slow progress since the shortage of skilled agriculturalists inhibits the transmission of farm know-how to other less trained growers.

But the country has many pluses that will aid it in the long run. A country of seemingly great agricultural potential, with 4.2 million people (1970) living on 291,000 square miles—15 persons per square mile—there seems to be adequate area for increased production of tobacco as well as other crops. The soil is generally good and there is adequate rainfall during the growing season.

Farming was not as necessary during Zambia's earlier days when there was plenty of wild game to support a hunting economy and even now, agriculture's role is relatively minor. Copper mining accounts for one-half of the country's gross national product and 95 percent of total export earnings. However, although tobacco production accounts for less than 1 percent of export earnings the Government is eager to expand this sector of the economy.

Flue-cured leaf and burley account for virtually all of Zambia's tobacco production. Flue-cured output hit a peak of 24 million pounds in 1964, but has hovered between 12-14 million pounds during most of the past 15 years. The 1973-74 flue-cured crop is estimated at 15 million pounds and the 1974-75 crop is expected to rise to 18-20 million pounds.

Two-thirds of the flue-cured crop is produced by some 154 expatriate farmers, who average 58 acres of tobacco each. An additional 12 percent is produced by 66 Zambian "assisted-tenants" who receive training and some financial assistance from the quasi-governmental Tobacco Board. They average 20 acres of tobacco each.

Zambia's tobacco farmers have also received assistance from two loans from the International Bank for Reconstruction and Development (World Bank). The first such loan was $5.5 million made in 1970 for development of flue-cured production by commercial tobacco growers.

The second—for $11.5 million—was made in 1973 to assist 900 existing and 5,400 new producers to grow 12,000 acres of flue-cured tobacco and 16,000 acres of hybrid corn over a 5-year period. The first loan has now been disbursed; funds from the second have yet to be distributed.

Zambian tobacco is marketed at Lusaka, which has what traders consider to be one of the world's best auction floors and packing plants. With a 1973-74 crop of just 15 million pounds of flue-cured leaf—about half of which goes to Malawi for processing—and about 1 million pounds of burley, facilities are used at nowhere near capacity. The plant can handle about 80 million pounds of leaf annually but is at present processing only about 7 million pounds.

The Government provides a maximum price for flue-cured tobacco, but not for burley. All leaf, whether for domestic manufacture or for auction, is purchased on the auction floor. Domestic utilization amounts to about 3.2 million pounds, or about 20 percent of the total. The balance is exported.

Zambia's total tobacco production has been relatively stable in recent years, averaging 19.1 million pounds in the 5-year period between 1960 and 1964. It dropped to 11.1 million pounds in 1971, but recovered to 16 million pounds in 1974. Exports have also fallen—from an average of 17.6 million pounds in 1960-64—to some 9.3 million in 1973.

Zambian tobacco prices are generally quoted c.i.f. Limbe, so that Zambia's producer prices may easily be compared with Malawi's. Zambia's 1973-74 flue-cured crop is expected to average about 73 U.S. cents per pound, c.i.f. Limbe, compared with the Malawian price of 81 cents, and 52 cents in Rhodesia. The average burley price is expected to be 60 cents—about the same

as Malawi's burley price, and 10 cents above Rhodesia's burley.

Zambia, as a member of the Commonwealth, also receives preferential treatment on its leaf shipments to the United Kingdom. Zambia is also expected to gain preferential treatment for tobacco exports to all nine EC members.

Tanzania

Tobacco output has had a phenomenal increase during the past 10 years in Tanzania. Production rose from an average of 5 million pounds in 1962-64 to an average of about 36 million pounds between 1972 and 1974. A sevenfold increase, this is equivalent to a 22 percent compounded average annual growth. A number of problems exist, however, and there is some doubt whether future growth can be sustained at such a sharp rate during the next 5 years. But the country's long-range potential is great and if some of these problems can be solved, Tanzania's climb will continue in the future—although at a more moderate rate—and Tanzania could become an even more important supplier to the world tobacco market.

The International Bank for Reconstruction and Development in 1970 made a $9 million loan that could provide a substantial stimulus to Tanzania's tobacco output. This loan is being used to improve the country's only processing plant—which, with its 2,500 employees, is the second largest employer in Tanzania—to make infrastructure changes in the tobacco industry, and to provide credit to tobacco growers.

Tanzania's favored position as an EC Associate Member figures prominently in its tobacco market planning. For example, although little burley is now produced in Tanzania and none is exported, an increase in burley output is planned so as to allow future foreign sales. Much of the increased production will probably go to the EC. Although the EC gets much of its tobacco from the United States at present—over half of U.S. burley exports go to the Community—U.S. sales to this market may be reduced when Tanzania succeeds in increasing its burley output and exports.

Tanzania's production of other leaf types is much greater. In 1973-74, growers raised a 26-million-pound crop of flue-cured and 12 million pounds of fire-cured. About 5.5 million pounds of the flue-cured and 2.2 million of the fire-cured leaf are used in domestic manufacture, and the balance of the crop is exported.

Government policy is to try to keep people on the land by providing them with good incomes from farming and adequate social services. To do this, the Government is establishing 12-15 agricultural complexes that will include 10-12 villages, each having 100-120 farm families. Each complex will farm about 2,000 acres and be provided with schools, water, dispensaries, and so forth. On some, the land is farmed in common and on others it is divided into individual plots. All land in Tanzania, however, is owned by the Government and its use is regulated, in the case of large farms, through leases.

Until this year there was a slow movement of tobacco farmers into these complexes. However, late last spring the Tanzanian Government embarked on a major program to relocate all farmers into larger villages (approximately 2,000 persons to each) and many opted to move into the smaller villages of the tobacco complexes. Consequently, these villages are fully populated and tobacco production there is expected to reach in the neighborhood of 5-6 million pounds in the coming crop year. When these areas reach full productivity, it is anticipated they will produce 15-20 million pounds of tobacco.

About 22 percent of Tanzania's tobacco crop is produced by operators of big spreads who lease land from the Government. There are about 50 such farmers who average over 100 acres of tobacco.

Tanzania still has large unused tracts of land that may be used to boost tobacco production. The country has only 14.8 million people (1974) living on 363,000 square miles—about 41 people per square mile unit. Some 60 percent of the country's total land area is devoted to agriculture, making an average of 10.5 acres of agricultural land per person.

Tanzania, along with Uganda and Kenya, make up the East African Community, a customs' union. Tanzania and Uganda are net exporters of tobacco, and Kenya is a net importer, with virtually all of its imports coming about half and half from Uganda and Tanzania.

In 1974, however, Uganda's tobacco crop was reduced by internal political disturbances, meaning that virtually all of Kenya's leaf supplies will have to come from Tanzania or other sources.

Uganda

Uganda normally produces an average of about 8 million pounds of tobacco annually, exports about 2 million, and imports only small quantities. Exports are mostly to the United Kingdom, the Netherlands, and Egypt. About 50,000 pounds per year were imported from the United States between 1971 and 1973.

To boost its flue-cured tobacco production and exports, Uganda borrowed $4 million in 1970 from the International Development Association, an affiliate of the World Bank. The purpose of this loan was to increase the number of farmers, to add 4,700 acres of flue-cured tobacco over a 4-year period, and to increase productivity on land already in tobacco. About one-half of this loan has been disbursed to date.

Flue-cured accounts for some 6 million of the approximately 8 million pounds of tobacco produced annually by Uganda, fire-cured for the balance. Flue-cured production has increased rapidly in recent years, while that of fire-cured leaf has been fairly stable.

Exports increased from an average of about 100,000 pounds annually during the early 1950's to an average of 2.3 million between 1971 and 1973. Loss of credit institutions and technical expertise due to expulsion of the Asian population, as well as internal turmoil, severely disrupted production of the 1973-74 crop, and Uganda is having to import rather than export tobacco and cigarettes in 1974.

Uganda's cigarette production was 1.7 billion pieces in 1972. This required utilization of 3.7 million pounds of leaf. Cigarette exports fell from 53,000 pounds in 1971 to 2,000 pounds in 1973. There are no data to indicate how many cigarettes Uganda is importing in the year just ending.

Kenya

Kenya produced a yearly average of about 300,000 pounds of tobacco between 1971 and 1974 and imported an average of 108,000 pounds annually from outside the East African Community between 1971 and 1973—all of it from the United States. These imports have been steadily declining in recent years—from 211,000 pounds in 1971 to 51,000 in 1973—while Kenyan imports from the other members of the East African Community have mounted. In 1973 they were about 6 million pounds.

Production in an average year consists of about 70 percent flue-cured and 15 percent each of burley and fire-cured tobaccos.

Kenya exports small quantities of leaf—mostly to the United Kingdom and Somalia. In 1971, exports were only about 1,000 pounds, falling off to about half that in 1972 and 1973.

Kenyan cigarette output in 1973 was about 3 billion pieces, requiring about 6.6 million pounds of leaf. This indicates that much of the 6 million pounds imported from within the East African Community and nearly all the domestic crop were used for cigarette manufacture. Small amounts of cigarettes are normally imported from the United Kingdom, the United States, and France, and similar small amounts are exported for ships' stores and to other African countries.

In the period 1971-73, U.S. cigarette exports to Kenya amounted to an average of 8.2 million pieces annually. In 1974 U.S. exports declined somewhat to 6.3 million pieces.

The Malagasy Republic

Formerly known as Madagascar, the Malagasy Republic may have more trouble increasing its tobacco output than some of the other southern African countries.

While there are just 7.3 million people living on 227,000 square miles for a population density of only 32 persons per square mile, and apparently plenty of agricultural land, much of it is badly eroded. Agricultural land comprises 63 percent of the total—12.5 acres per person, compared with 5 per person in the United States—but the African country is still having trouble feeding its population.

The Republic produced a yearly average of about 12 million pounds of tobacco in the period between 1971 and 1974, while exports averaged about 6 million pounds a year in the period 1971-73, and imports ranged from 2-3 million pounds. Production, exports, and imports have varied little from those levels in the past 20 years.

The Government's policy is to increase tobacco production and exports, and it offers credits and other incentives to growers. However, increasing tobacco labor costs and higher returns from cotton and other crops have caused some farmers to shift from tobacco production, to a degree countering the Government's drive for larger outturn and foreign sales.

The Malagasy Republic's 1974 crop is estimated at a record 14 million pounds, but the 1972-74 average, at 12.8 million pounds, is only 6 percent above the 12.1-million-pound average for the previous 3 years. Because of the relative stability in production during the past several years, it is probable that any change in the Republic's future output level will not be very large.

Tobacco for chewing made up one-third of total 1974 leaf production and over one-half of tobacco product output (by weight). Dark tobacco (Missioneiro) comprised one-fourth of the crop and burley another 25 percent. Virginia-type flue-cured tobacco made up the remaining 17 percent.

All tobacco used domestically is bought, packed, and sold by the Malagasy Government Tobacco Office—Office Malagache du Tabac, or l'OFMATA.

Malagasy exports in 1973 were 6 million pounds that sold for an average of about 45 U.S. cents per pound. Imports were 938,000 pounds in the same year, costing an average of 43 U.S. cents per pound. Most exports were to France and the Netherlands, reflecting the duty-free status of Malagasy's tobacco in the Community.

Most imports were from Paraguay, Argentina, and France. Only 44,000 pounds were taken from the United States.

In 1973, chewing tobacco production was 4 million pounds. Cigarette output was about 1.3 billion pieces, which would require about 2.6 million pounds of leaf. About 10 percent of Malagasy cigarette output is exported. These are mostly dark cigarettes sent to Réunion, an island about 800 miles east of the Malagasy Republic.

Small quantities of cigarettes are imported from the United Kingdom, France, and the United States.

(U.S. shipments averaged 3.6 million pieces yearly between 1971 and 1973.)

Zaire

During the past few years, Zaire has been the most important U.S. tobacco market in Africa. (Egypt will be

the largest in 1974.) U.S. leaf exports to Zaire during recent years have averaged about 3 million pounds annually, with a yearly average value of about $2.5 million. About half of these shipments were flue-cured tobacco and most of the balance was dark fire-cured leaf used to make cigarettes.

During the 1971-73 period, U.S. exports to Zaire broke down as follows: Flue-cured leaf (57 percent), dark-fired Kentucky and Tennessee leaf (24 percent), and burley (12 percent).

Leaf imports by Zaire averaged 9.7 million pounds between 1971 and 1973, including those from the United States. Most of the balance came from Mozambique, Malawi, Turkey, South Korea, Greece, Yugoslavia, and Brazil. Manufacturers may import all of the leaf they need, subject to a 58 percent ad valorem tariff.

Zaire's tobacco crop dropped from about 3.2 million pounds before its independence in 1960 to only about 1.6 million in 1962. Since then output has increased to an estimated 6.5 million pounds in 1974. However, about 2 million pounds of this leaf does not enter commercial channels, being used locally, mostly by pipe smokers. The remainder is sold to the country's two manufacturing firms for cigarettes. No cigars are made.

Zaire's commercial tobacco crop—that part of total production used for manufactured products—has increased rapidly from 325,000 pounds in 1967 to about 3 million in 1974. It is divided as follows: Dark fire-cured, 1.8 million pounds; burley, 800,000; light sun-cured, 300,000; and flue-cured, 70,000 pounds. The noncommercial crop is mostly sun-cured tobacco.

The Zaire Government has set 1980 as the target date for tobacco self-sufficiency. Some officials and tradesmen believe that to achieve this goal, the 58 percent tariff on leaf imports will be boosted by 10 percent to 68 percent on January 1, 1976, and to 78 percent by the same date in 1977. In succeeding years, the tariff would be raised 10 percent annually until the duty on imported tobacco becomes prohibitive.

Zaire's cigarette production in 1973 was 5.1 billion pieces, of which 20 percent were filter tipped. Production has been increasing at the rate of about 8 percent annually.

The Republic of South Africa

The only tobacco producer in southern Africa, the Republic of South Africa solidly bases its output on irrigation, with 95 percent coming from watered land. Thus, it is the only one in the region with production methods distinctly different from the area's other producers.

The Republic of South Africa is traditionally among the top three tobacco producers, exporters, and importers of the 11-nation African group. In 1973 it stood first as a leaf importer and third as a producer and exporter; it also ranks high among these countries as an importer and exporter of tobacco products. In that year, product imports amounted to about $12 million, while exports were some $1 million. The United States supplies only a minimal amount of the Republic's leaf and product imports.

South Africa's annual tobacco output averaged 60.5 million pounds in 1960-64, increasing by 7 million pounds to an average of 67.3 million between 1965 and 1969, while exports rose by 6.5 million pounds to an average of 20.7 million pounds. Imports increased by 9 million pounds to 13.6 million. In 1973, South Africa produced 68 million pounds, exported 24 million, and imported 30 million.

About 60 percent of production is flue-cured, 30 percent dark air-cured, and the balance light air-cured, burley, and oriental. About 4,800 producers average about 17 acres each.

Most South African tobacco is produced west of Pretoria in the Rustenberg area. About 95 percent of the crop is grown on irrigated land. Competing crops are cotton, vegetables, and livestock. Tobacco and wheat are sometimes rotated with each other within a 12-month period.

Labor costs have been rising because many tobacco workers have taken advantage of better opportunities offered by industry. Farm wages increased 27 percent in 1973 and another 30 percent in 1974, bringing the present rate to about US$1.70 per day, plus housing, food, and medical care.

Tobacco production in South Africa has been controlled by a Tobacco Board since 1935. This agency—composed of 16 members representing producers, manufacturers, and distributors, and one from the Government—recommends to the Government Marketing Board prices to be paid by manufacturers for packed tobacco.

After the price is set, the country's nine cooperatives purchase tobacco from the farmers, giving them a partial payment at that time. The co-ops pack the leaf, sell it to manufacturers at the approved price, and then divide the profits from the sale among the producers. Average payment to the producers was 80 U.S. cents per pound for the 1972-73 crop of flue-cured and 64 cents per pound for burley.

No subsidy is paid by the Government to producers or exporters. However, the co-ops provide a stabilization fund for buying and storing surplus tobacco.

The Tobacco Board imports all of South Africa's tobacco and authorizes the co-ops to act as agents in making exports. Imports are made to compensate for the deficit between consumption and domestic production less exports.

Most of the Republic's exports are to the United Kingdom under the Commonwealth preference agreement. However, this privilege will be phased out by 1977 as the United Kingdom adopts the European Community's Common External Tariff.

Imports are mostly from Rhodesia and Malawi, both of which have trade agreements with South Africa. Leaf

from these two countries enters duty free, although imports from other sources are subject to a tax of 53 U.S. cents per pound. Cigarette manufacturers decide from what sources to import leaf after the Tobacco Board has set the quantity and maximum import price.

In 1973, South Africa's cigarette consumption was 18.6 billion pieces and has been increasing at an annual rate of about 2 percent for the past 3 years. Cigarettes retail for the equivalent of 45 U.S. cents per pack of 20 for the most popular brands.

Mozambique

Mozambique produces about 11 million pounds of tobacco, exports about 4 million, and imports about 500,000. Portugal has been the largest customer for Mozambique exports and Rhodesia supplies most of its imports. About 10-15 percent of domestic cigarette production is exported, mostly to Angola.

Tobacco production has grown rapidly from an annual average of about 2 million pounds during the early 1950's to an average of about 11 million during the past 3 years.

About half of the crop is flue-cured; burley accounts for most of the balance. Most flue-cured and burley are marketed through cooperatives, which negotiate prices with manufacturers. The average price paid for the 1973-74 crop was 82 U.S. cents per pound (packed weight) for both flue-cured and burley—a somewhat unrealistic price in view of the real value of the currency.

There is no Government established minimum price for the flue-cured and burley but there is for dark tobacco, which sells for about 33 U.S. cents per pound (1973-74 crop at official exchange rate of US$1 = M. Ec25). Crops that compete with flue-cured and burley are corn, rice, cotton, cattle, cashews, and irrigated soybeans.

Exports reached 1.1 million pounds in 1958 and 2.4 million in 1960. They stayed at a level of about 2 million pounds during the 1960's, were 2.9 million in 1971, and 6 million in 1972. As a result of a poorer crop and larger domestic utilization in 1973, exports are estimated at only 4 million pounds.

The Government limits imports to 15 percent of the previous year's utilization. More may be imported if Mozambique production is insufficient to supply the domestic market.

Most imports are flue-cured tobacco from Rhodesia at an average price of about 59 U.S. cents per pound—about the same as Mozambique's export price. In addition, importers must pay a duty of 6 percent ad valorem plus a 7-percent customs clearance tax.

Mozambique cigarette production was 2.5 billion pieces in 1971, fell slightly to 2.48 billion in 1972 as exports dropped, and increased to 2.75 billion in 1973.

Cigarette imports are effectively prohibited by a duty of about 20 U.S. cents per pack of 20 plus the 7-percent ad valorem customs clearance tax.

There are three firms producing Mozambique cigarettes, prices of which are controlled by the Government. Dark cigarettes have 65 percent of the market and light cigarettes 35 percent.

The most popular dark cigarettes sell for the equivalent of 16 U.S. cents per pack of 20. The favorite light brand is an all flue-cured cigarette selling for the equivalent of 36 U.S. cents per 20. Filter cigarettes currently make up 40 percent of the market.

Angola

Angola produces an average of about 13 million pounds of tobacco a year, exports 8 million pounds, and imports about a half million.

Production has increased rapidly in recent years from an average of 5.6 million pounds in 1960-64 to 12.9 million pounds in 1973, and may go to 15.2 million in 1974. Flue-cured output has accounted for most of this increase, rising from an average of 750,000 pounds in 1960-64 to 4.2 million in 1972-74. Burley—although representing a small percentage of the total—went from practically nothing in 1960-64 to an average of 311,000 pounds in 1972-74.

Fire- and dark air-cured production has remained relatively stable at around 3-4 million pounds. Flue-cured and burley production has expanded as the result of incentives from both Government and private firms. The outlook is for continued expansion if private growers are allowed to remain relatively free of Government controls.

Exports have also increased from an average 2.4 million pounds in 1960-64 to an average of 8 million in 1971-73. Most exports are to Portugal though the United Kingdom, Spain, and Ireland are also fairly important markets.

Angola imported an average of 462,000 pounds of leaf tobacco in 1970-72. Most of these imports were from Mozambique and the United States. Imports of tobacco products averaged 838,000 pounds during this period. Virtually all of these were from Mozambique.

TABLE 1. TOBACCO PRODUCTION AND TRADE FOR 11 COUNTRIES IN SOUTHERN AFRICA, AVERAGE 1960-64 AND 1965-69 AND ANNUAL 1971-74
[In 1,000 lb]

Item	Average 1960-64	Average 1965-69	1971	1972	1973	1974
Production:						
Rhodesia	226,233	193,006	144,300	160,800	142,300	177,300
Malawi	35,492	37,870	58,611	67,996	69,780	60,163
Zambia	19,126	15,173	13,891	13,044	14,773	14,947
Tanzania	5,651	17,045	26,233	27,571	38,206	38,000
Malagasy Republic	10,862	10,585	13,007	13,642	10,867	14,022
Zaire	2,503	5,421	3,902	3,954	4,217	5,011
Uganda	5,128	8,615	8,157	9,744	9,744	5,000
Kenya	1,370	1,062	254	283	303	408
South Africa	60,480	67,300	75,750	71,517	68,321	64,286
Angola	5,644	13,215	9,811	10,860	12,941	15,212
Mozambique	5,093	6,236	10,653	11,619	10,693	9,920
TOTAL	337,582	375,528	289,569	391,030	382,145	404,269
Exports:						(1)
Rhodesia	178,730	112,149	80,000	120,000	100,000	—
Malawi	26,042	34,905	46,105	54,195	61,722	—
Zambia	17,623	12,670	11,500	8,818	9,259	—
Tanzania	300	7,789	10,443	[2]12,293	[2]13,424	—
Malagasy Republic	7,901	7,127	5,256	7,094	6,069	—
Zaire	24	610	0	0	0	—
Uganda	1,400	1,437	2,661	1,414	2,873	—
Kenya	0	35	1	(3)	(3)	—
South Africa	14,208	20,711	20,044	22,601	24,342	—
Angola	2,389	5,610	4,164	4,363	15,088	—
Mozambique	1,854	2,462	2,935	6,122	4,000	—
TOTAL	250,471	205,505	183,109	236,900	236,777	—
Imports:						(1)
Rhodesia	0	0	0	0	0	—
Malawi	52	7,682	9,550	7,968	8,000	—
Zambia	0	27	0	0	0	—
Tanzania	40	45	47	69	35	—
Malagasy Republic	1,698	1,340	2,087	3,012	935	—
Zaire	4,988	6,556	10,190	7,950	11,107	—
Uganda	125	25	61	42	46	—
Kenya	40	124	211	64	51	—
South Africa	4,634	13,634	13,123	25,214	29,669	—
Angola	465	566	626	419	340	—
Mozambique	996	800	500	500	500	—
TOTAL	13,038	30,799	36,395	45,238	50,683	—

[1] Not available.
[2] Primarily imports of Zambian tobacco for processing and re-export.
[3] Less than 500 lb.

TABLE 2. TOBACCO PRODUCTION BY TYPES FOR SELECTED AFRICAN COUNTRIES, AVERAGE 1960-64 AND 1965-69 AND ANNUAL 1971-74
[In 1,000 lb]

Country and Type	Average 1960-64	Average 1965-69	1971	1972	1973	1974
Rhodesia:						
Flue	224,542	187,409	132,000	145,500	130,000	165,000
Burley	753	4,870	12,000	15,000	12,000	12,000
Other	934	787	300	300	300	300
TOTAL	226,229	193,066	144,300	160,800	142,300	177,300
Malawi:						
Flue	2,631	4,326	14,129	19,067	22,025	23,197
Burley	3,919	6,256	12,908	12,023	13,327	11,844
Fire	23,945	22,506	26,249	29,678	28,436	20,354
Other	4,997	4,782	5,325	6,428	5,192	4,768
TOTAL	35,492	37,870	58,611	67,196	68,980	60,163
South Africa:						
Flue	28,420	34,480	41,006	41,094	37,853	35,230
Burley	2,220	2,380	2,645	2,579	2,866	3,285
Other	29,839	30,440	27,778	27,844	27,601	25,771
TOTAL	60,479	67,300	71,429	71,517	68,320	64,286
Tanzania:						
Flue	3,456	11,199	19,434	21,144	27,600	26,000
Fire	1,228	5,033	6,799	6,427	10,606	12,000
Other	996	813	—	—	—	—
TOTAL	5,650	17,045	26,233	27,571	38,206	38,000
Zambia:						
Flue	16,623	12,987	13,026	12,196	13,735	13,697
Burley	2,040	1,608	855	848	1,038	1,250
Other	463	578	10	—	—	—
TOTAL	19,126	15,173	13,891	13,044	14,773	14,947

TABLE 3. CIGARETTE OUTPUT FOR 11 COUNTRIES IN SOUTHERN AFRICA, AVERAGE 1960-64 AND ANNUAL 1969-73
[In 1,000,000 pieces]

Country	Average 1960-64	1969	1970	1971	1972	1973
Rhodesia		3,575	3,625	3,700	3,800	3,900
Malawi	5,054	1,315	1,330	1,375	1,410	1,450
Zambia		2,090	2,110	2,150	1,220	1,180
Tanzania	697	2,336	2,598	2,927	3,000	3,250
Malagasy Republic	565	872	951	944	1,092	1,317
Zaire	2,642	3,478	4,422	4,351	4,800	5,122
Uganda	1,314	1,332	1,536	1,583	1,670	1,600
Kenya	2,154	2,125	2,426	2,609	2,709	3,050
South Africa	10,578	14,335	16,430	16,884	16,861	17,238
Angola	1,292	2,106	2,025	2,188	2,210	2,300
Mozambique	1,415	2,303	2,570	2,499	2,483	2,754
TOTAL	25,711	35,867	40,023	41,210	41,255	43,161

TABLE 4. MALAWI: UNMANUFACTURED TOBACCO EXPORTS BY COUNTRY OF DESTINATION, 1967-73
[In 1,000 lb]

Country	1967	1968	1969	1970	1971	1972	1973
Belgium-Luxembourg	554	756	579	616	645	808	1,496
France	939	1,750	689	1,679	611	2,276	2,493
Germany, West	722	899	1,622	1,320	626	1,111	1,875
Netherlands	4,734	2,516	2,680	4,386	5,129	5,228	6,468
Denmark	174	393	575	639	1,671	1,349	1,446
Ireland	2,924	3,191	1,286	1,586	2,918	3,577	4,389
United Kingdom	6,242	7,032	7,326	11,231	13,486	15,027	16,617
Total, EC	16,289	16,537	14,757	21,457	25,086	29,376	34,784
Australia	206	488	832	1,209	1,410	1,428	2,057
Canary Islands	3,124	2,238	2,761	2,059	2,872	2,672	1,053
Sierra Leone	1,956	2,043	2,316	1,856	2,577	1,968	2,267
South Africa, Republic of	434	347	368	597	1,420	2,449	2,589
United States	0	977	1,154	73	1,212	3,377	3,579
Zaire	963	1,599	642	1,760	2,216	1,469	1,525
Others	9,641	11,279	9,315	9,310	9,312	11,400	12,843
Total, all destinations	32,613	35,508	32,145	38,321	46,105	54,139	60,697

TABLE 5. EXPORTS OF UNMANUFACTURED TOBACCO BY OTHER SELECTED COUNTRIES IN SOUTHERN AFRICA, 1969-73
[In 1,000 lb]

Country of Destination	1969	1970	1971	1972	1973
			Angola		
Portugal	2,083	2,553	3,007	2,628	2,529
Spain	776	397	104	254	566
United Kingdom	672	463	639	624	7,520
Japan	—	—	—	—	2,899
Germany, West	18	—	111	—	957
St. Tome & Principe	—	—	—	143	—
Ireland	—	62	193	154	234
United States	—	35	98	22	128
Belium-Luxembourg	—	—	—	176	—
Mozambique	—	—	—	132	46
Finland	—	—	—	77	—
Others	16	35	12	153	219
TOTAL	3,620	3,545	4,164	4,363	15,088
			Mozambique		
					(1)
France	1,581	95	188	1,272	—
Portugal	663	1,114	1,807	3,477	—
Angola	487	161	244	348	—
United Kingdom	108	334	181	—	—
Guinea	—	48	348	268	—
Germany, West	—	—	—	165	—
Israel	—	—	—	293	—
Malawi	—	—	—	123	—
Others	96	301	167	176	—
TOTAL	2,935	2,053	2,935	6,122	4,000

TABLE 5. EXPORTS OF UNMANUFACTURED TOBACCO BY OTHER SELECTED COUNTRIES IN SOUTHERN AFRICA, 1969-73—Continued
[In 1,000 lb]

Country of Destination	1969	1970	1971	1972	1973
			South Africa		
Ireland	1,688	198	1,328	308	685
United Kingdom	14,868	13,319	11,190	12,012	18,342
Netherlands	5,565	6,694	5,274	7,307	2,963
Australia	3,365	2,682	1,626	1,175	753
New Zealand	123	829	166	—	231
Canada	161	69	36	5	—
Hong Kong	1,948	—	—	—	42
Sweden	285	—	99	132	140
United States	—	149	14	44	33
Belgium	—	16	—	771	953
Others	155	399	311	847	200
TOTAL	28,158	24,355	20,044	22,601	24,342
			Tanzania		
United Kingdom	7,257	9,268	(1)	8,337	9,101
Netherlands	1,567	2,191	—	1,468	2,578
Ireland	964	1,150	—	2.062	1,474
Sweden	114	79	—	121	100
Belgium	44	53	—	66	43
Others	1	457	—	239	128
TOTAL	9,947	13,198	10,443	12,293	13,424
			Zambia		
Malawi	1,860	7,007	9,549	7,637	(1)
Zaire	198	267	118	100	—
United Kingdom	11	429	197	950	—
Germany, West	—	592	772	363	—
Others	6,238	593	854	168	—
TOTAL	8,307	8,888	11,490	9,218	9,259
			Malagasy Republic		
China, Republic of (Taiwan)	—	—	88	220	353
France	5,699	3,659	3,864	3,795	2,097
Belgium-Luxembourg	70	98	142	219	344
Netherlands	272	625	958	2,469	1,936
Lebanon	67	—	—	—	—
Germany, West	12	122	184	142	392
Canada	—	79	—	—	—
Syria	—	44	—	—	—
South Africa	—	—	—	—	351
United Kingdom	—	—	2	79	328
Others	—	706	18	170	268
TOTAL	6,120	5,333	5,256	7,094	6,069

[1] Not available.

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, $300

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE

U.S.MAIL

AGR 101
FIRST CLASS

If you no longer need this publication, check here ____ and return this sheet and/or envelope in which it was mailed and your name will be dropped from mailing list.

If your address should be changed ____ PRINT OR TYPE the new address, including ZIP CODE and return the whole sheet and/or envelope to:

FOREIGN AGRICULTURAL SERVICE, Room 5918 So.
U. S. Department of Agriculture
Washington, D. C. 20250